

By Messrs. Piro of Somerville and Danovitch of Norwood, petition of Francis W. Hatch, Jr., Anthony Michael Gallugi, Vincent J. Piro, Joseph B. Walsh, Alan Paul Danovitch and Robert Q. Crane for legislation to further regulate deposits of public funds in national banks, trust companies or other banking companies. Ways and Means (joint).

The Commonwealth of Massachusetts

In the Year One Thousand Nine Hundred and Seventy-Five.

AN ACT FURTHER REGULATING DEPOSITS OF PUBLIC MONEY.

Be it enacted by the Senate and House of Representatives in General Court assembled, and by the authority of the same, as follows:

1 Chapter 29 of the General Laws is hereby amended by striking
2 out section 34 and inserting in place thereof the following
3 section:—

4 *Section 34.* State officers, departments, institutions and other
5 agencies may deposit any portion of the public moneys in their
6 possession in such national banks, trust companies or banking
7 companies, lawfully doing business in the commonwealth, as
8 shall be designated by the state treasurer from a list of
9 depositories prepared by him and approved at least once in three
10 months by the governor; but the aggregate balance on deposit in
11 any one such national bank, trust company or banking company
12 by the state treasurer, by a state officer of funds advanced under
13 the provisions of section twenty-three, by a state officer,
14 department, institution or other agency of fees or other money as
15 referred to in section twenty-seven of chapter thirty shall not
16 exceed seventy-five per cent of its paid up capital and surplus,
17 provided that deposits over forty per cent of paid up capital and
18 surplus, in accordance with the records of the national bank, trust
19 company, or banking company as of the close of the business
20 each business day, are guaranteed by a deposit in trust made by
21 the bank on a day to day basis for the account of the state
22 treasurer or bonds or notes of the United States or of the

23 commonwealth with a then current value at least equal to such
24 excess, as approved by the state treasurer.

25 Deposits of the proceeds from the sale of bonds and notes by
26 the state treasurer shall not be subject to the forty per cent limit
27 and the guarantee provisions of this section for a period of seven
28 days from the date of the deposit or other credit to the account of
29 the state treasurer.

30 Certificates of deposit of any such national bank, trust
31 company or banking company issued directly to the state
32 treasurer shall be considered deposits within the meaning of this
33 section.

34 For the purpose of paying the principal or interest due on any
35 bond, note or other obligation of the commonwealth, which is
36 payable in the city of New York or the city of Chicago, the state
37 treasurer may keep on deposit in any national bank or trust
38 company in said cities, approved for the purpose by the governor,
39 a sum not exceeding in the aggregate twenty-five thousand
40 dollars; provided, that for a period of seven days prior to the date
41 of any such payment or payments, said amount may be increased
42 by a sum or sums sufficient to cover the same.

43 A state treasurer who knowingly makes any deposit in
44 violation of the foregoing provisions shall be deemed guilty of
45 misconduct and maladministration in his office within the
46 meaning of the constitution, any other officer who knowingly
47 makes any deposit in violation of the foregoing provisions shall
48 be deemed guilty of misconduct and maladministration in his
49 office; and any national bank, trust company or banking
50 company knowingly receiving any deposit in violation thereof
51 shall be disqualified from receiving said moneys for the period of
52 three years from the date of said deposit. All interest received on
53 any deposits under this section shall be paid to the com-
54 monwealth.